

DD/S REGISTRY
FILE OVN 1-21

DD/S 68-1384

MAR 1968

MEMORANDUM FOR: Assistant Deputy Director for Support

SUBJECT : Inspector General's Report of Survey of the
Office of Finance

REFERENCE : Memo to ExDir-Compt fr DD/S, dtd 12Feb68,
Same Subject, DD/S #68-0652

Jack:

*should be DDS 68-1249
12 March*

1. In response to your referent memorandum I will attempt to update you with regard to the IG Survey as follows.

2. As I see it, actions with regard to Recommendations Nos. 2, 7, 9 and 12 are being implemented by DD/S. Actions concerning Recommendations Nos. 1 and 5 have been completely satisfied. Recommendation No. 3 is related to Recommendation No. 2 and, therefore, largely dependent upon the actions taken by DD/S under Recommendation No. 2; and Recommendation No. 14 will be implemented as soon as the Office of Computer Services, in conjunction with SIPS and the Office of Finance, can appropriately accommodate computer time to the CIA Retirement System.

3. It, therefore, appears that I need only to further update you at this time with regard to Recommendations Nos. 4, 6, 8 and 13. Accordingly, you are advised as follows:

Recommendation No. 4

The Director of Finance, in consultation with the Director of Training, has established, either within the Office of Finance or the Office of Training, a scheduled or tutorial training course designed specifically to qualify a Finance careerist to serve as Finance Officer of a Class A field station.

Excluded from automatic
downgrading and
declassification

Comment

25X1 Arrangements have been made with the Director of Training to have [] a Finance careerist assigned to the Office of Training, establish a dummy Class A accounting system in the Office of Training and to conduct tutorial and/or scheduled training courses as required. Policy and Planning Staff, O/F, will work closely with [] in 25X1 developing the material and standards required for conducting this facility. The Director of Finance is to discuss with [] and 25X1 Chief, PPS the progress with regard to these developments upon [] return from a trip to Ann Arbor, Michigan on or about 18 March.

Recommendation No. 6

The Deputy Director for Support require to be submitted to him for review of and decision between the proposal of the Director of Finance for reclassification of certain positions in the Finance Career Service and the objections of the Director of Personnel to that proposal.

Comment

The Executive Officer, DD/S, has been supplied by the Office of Finance with a list of SF positions outside of the immediate Office of Finance that require review with regard to grade. As you know, it was agreed that we would not ask the Executive Officer, DD/S, to review Office of Finance positions until we have completed a proposed reorganization of the Office of Finance. Also, as you know, we are scheduled to discuss this proposed reorganization with you on Monday, 18 March. After that discussion we will take steps to implement the reorganization including asking for a re-evaluation of the positions in the Office of Finance by the Office of Personnel. At that point, any major disagreements between the Offices of Finance and Personnel will be referred to the Executive Officer, DD/S. Obviously, the latter will take place several months hence.

Recommendation No. 8

The Deputy Director for Support instruct the Director of Personnel to explore with the Deputy Director for Plans the feasibility of establishing, within the existing framework of the Overseas Candidate Review

Panel, a mechanism for re-evaluating the suitability of personnel nominated for assignment to duty as Finance Officer at a Class B or Class C station--to include a determination that the candidate is or will be properly trained in finance procedures.

Comment

In response to this Recommendation, DD/S indicated that mechanics for achieving this objective have been identified to the Clandestine Services, the Office of Training, and the Office of Finance; and this was accomplished through a memorandum from DD/S to DD/P, dated 9 February 1968. Also in response to your memorandum to Director of Finance dated 27 February 1968, we responded with a memorandum of 11 March 1968 reflecting the actions taken by Office of Finance in connection with this Recommendation No. 8.

Recommendation No. 13 (Action with regard to "a." through "f." are responded to as follows:)

a. Direct the Chief, Compensation and Tax Division to initiate investment action whenever surplus funds exceed \$250,000.

Comment

Action on this was completed prior to issuance of final reply to Report.

b. Expedite the issuance of the Office of Finance Instruction prescribing procedures for administration of the fund.

Comment

The Office of Finance Instruction referred to in the reply was completed and issued on 29 February 1968.

c. Arrange for an actuarial valuation of the fund with the advice and assistance of Mr. Cedric W. Kroll of the Department of the Treasury.

Comment

The Chief, Support Services Staff has advised the Director of Finance in writing of the target dates for completion of the computer phases of actuarial study which are listed below for your information.

- (1) Design of a system for the retrieval of experience data, preparation of the computer program based on the systems design, and testing and debugging of the program. 1 Sept 1968
- (2) Compilation of experience data as of 31 December 1967, and presentation of results to the U.S. Government Actuary for review and advice on course of action required for the production of the actuarial phase of the study. 1 Oct 1968
- (3) Updating of experience data to include CIARDS activity through 31 December 1968. 1 Feb 1969
- (4) Completion of the system design for programming the computer application of actuarial formulae to experience data, preparation of the computer program based on the above system design, and testing and debugging of the computer program. 1 June 1969
- (5) Preparation of actuarial tables based on experience data obtained through 31 December 1968. 1 Aug 1969
- (6) Preparation of actuarial study based on data contained in the actuarial tables. 1 Oct 1969

If these target dates are successfully met, and it is contemplated they will be, we will successfully have completed an actuarial study within the time frame specified in the CIA Retirement Act.

d. Investigate the feasibility of making secure arrangements with the Department of Treasury for a Special Issue for the CIA fund and report his findings and recommendations to the Executive Director-Comptroller.

Comment

The Director of Finance and the Chief, Monetary Division are scheduled to meet next week, 22 March, with the appropriate Treasury official to discuss again the feasibility of establishing a Special Issue for the CIA Fund that will meet our security standards. We understand that Mr. Lloyd discussed this subject with certain Treasury officials during the Survey and also he stated he would return to our Office and advise of his findings. For reasons unknown to us he did not do this;

therefore, we do not at this time know what his findings were. However, in our prior discussions with the Treasury we had generally concluded that our present investment approach would result in more income to the Retirement Fund than would be possible through a so-called Special Issue. However, we will, as indicated, further discuss this matter next week and, when appropriate, report our findings and conclusions to both the DD/S and the Executive Director-Comptroller.

e. Prepare an interim investment program for the guidance of Monetary Division based on the Fiscal Year 1967 15-year Projection of Fund Activity.

Comment

The Director of Finance has provided investment guidance to the Monetary Division based upon present projections of Fund income and activity. Also, since the Treasury, by law, must approve our investments of the Fund, this subject will be discussed on 22 March with the same Treasury official with whom we are going to discuss the feasibility of a Special Issue.

f. Prepare a long-range investment program based upon the actuarial valuation recommended in "c." above.

Comment

As indicated in our response, any long-range investment program to be devised must be consistent with the findings of the actuarial study that will not be completed until October of 1969. Therefore, the action with regard to this must be deferred until approximately that date.

4. You also asked in referent memorandum that we comment on the suggestions contained in the memorandum of [redacted] regarding the travel committee that is proposed. It is our view that the charter for the proposed travel committee should not provide authority to the committee to make final determinations as proposed by [redacted] but instead the charter should provide for the committee to generate changes, review and evaluate changes recommended by others, insure appropriate coordination of all proposed changes, and make final recommendations to the DD/S for his approval. It is, therefore, suggested that the charter should be worded something like the following:

25X1

25X1

CHARTER:

- a. Generate changes in travel regulations.
- b. Review and evaluate changes suggested or recommended by others from the standpoint of policy, legality, economy, administrative feasibility, and consistency of application.
- c. Insure that all proposed travel regulation changes are coordinated on a timely basis.

- d. Make final recommendations to DD/S for his approval.

5. We would agree with the proposed nominations for members of the travel committee with the exception that the Office of Finance representative must be a person of similar level to [redacted] and [redacted] if they are, indeed, to be members of the committee.

Therefore, we would nominate someone such as Mr. [redacted] or [redacted] rather than a GS-11 employee as proposed by [redacted]

6. I believe that the above is responsive to your request in the referent memorandum. Please advise me if you require any further comments or information.

[redacted]

/R. H. FUCHS
Director of Finance